

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1296 - SB 1342

March 7, 2011

SUMMARY OF BILL: Requires law enforcement officers to ask motorists for proof of insurance when charged with any traffic violation, moving or otherwise.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$1,147,700/Recurring

**Increase State Expenditures – \$30,000/One-Time
\$217,400/Recurring**

Increase Local Revenue – \$29,500/Recurring

Assumptions:

- Law enforcement officers are currently required to ask for proof of insurance when a driver is charged with any violation codified in Tenn. Code Ann, Title 55, Chapters 8, 10 (§§ 1 -5), and 50. This bill will expand the requirement to all traffic stops.
- According to the Department of Safety (DOS), 41,232 driver license suspensions were issued as a result of convictions for financial responsibility violations.
- Based on information provided by DOS, there will be approximately 14,750 additional convictions for financial responsibility violations as a result of this bill.
- DOS estimates that 50 percent of offenders will reinstate annually and pay a reinstatement fee of \$65 resulting in a recurring increase in state revenue of \$479,375 (14,750 x 50% x \$65).
- According to DOS, of the remaining 50 percent, 75 percent will be required to apply for a new license and pay a driver license fee of \$19.50 resulting in a recurring increase in state revenue of \$107,859 (14,750 x 50% x 75% x \$19.50).
- The average fine for a violation of the financial responsibility law is \$50. County clerks retain five percent of fine revenue; the state receives the remaining 95 percent.
- An 80 percent collection rate of fines.
- A recurring increase in state fine revenue of \$560,500 (14,750 x \$50 x 95% x 80%).
- A total increase in recurring state revenue of \$1,147,734 (\$479,375 + \$107,859 + \$560,500).
- A recurring increase in local government revenue of \$29,500 (14,750 x \$50 x 5% x 80%).

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- The Department of Safety will require two additional Safety Examiner 2 positions and one Safety Examiner 1 position to handle phone calls and review incoming mail. One additional Driver License Examiner in Davidson County and one in Shelby County to process and issue driver license reinstatements and new driver licenses. One additional secretary position will be needed to prepare 14,750 mailings to be sent and assist examiners.
- The one-time increase in state expenditures for five additional positions will be \$30,000 (computers, telephones, office supplies, uniforms).
- A recurring increase in state expenditures for two Safety Examiner 2 positions of \$71,378 [(\$21,456 salary + \$10,433 benefits + \$3,800 office supplies) x 2 positions].
- A recurring increase in state expenditures for one Safety Examiner 1 position of \$33,630 (\$19,776 salary + \$10,054 benefits + \$3,800 office supplies).
- A recurring increase in state expenditures for two Driver License Examiner positions of \$71,836 [(\$21,480 salary + \$10,438 benefits + \$4,000 office supplies and uniforms) x 2 positions].
- A recurring increase in state expenditures for one Secretary position of \$35,689 [(\$21,456 salary + \$10,433 benefits + \$3,800 office supplies).
- A recurring increase in state expenditures for postage, for sending out suspension notices, of \$4,868 (14,750 suspensions x \$0.33 postage).
- A total increase in recurring state expenditures of \$181,712 (\$71,836 + \$33,630 + \$71,378 + \$4,868).
- Any increase in state or local law enforcement expenditures will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/jaw